THE UNIVERSITY OF CHICAGO

ROUND TABLE

THE CHALLENGE OF GOVERNMENT-OWNED WAR PLANTS AND SUPPLIES

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A Radio Discussion by ALBERT G. HART

AYNARD KRUEGER *and the* ROVING REPORTER

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Around the Round Table . . . .

ALBERT GAILORD HART, professor of economics at Iowa State College, did his undergraduate college work at Harvard University, where he received his B.A. degree. He did his graduate work and received his Ph.D. from the University of Chicago, where he also served as an instructor in the department of economics. Since 1939 Professor Hart has been associated with Iowa State College. He is a member of the executive committee of the Conference on Research in National Income and Wealth and a member of the editorial board of the *American Economic Review*. Professor Hart is the author of *Debts and Recovery* (1938), *Anticipation, Uncertainty, and Dynamic Planning* (1940), and *Paying for Defense* (with E. G. Allen) (1941). He is also a frequent contributor to economic and political journals.

MAYNARD C. KRUEGER, assistant professor of economics at the University of Chicago, studied both history and international politics before specializing in economics. He completed his undergraduate education at the University of Missouri in 1926. After receiving his A.M. from that institution in 1927, he joined the staff of Albion College as an instructor in history. He spent three years in Europe studying at the universities of Paris, Berlin, and Geneva. From 1928 until he joined the faculty of the University of Chicago in 1932, he taught in the School of Finance and Commerce at the University of Pennsylvania.

The ROVING REPORTER is an experienced newspaperman and journalist and is a member of the University staff. His role on the ROUND TABLE is to represent not his own views on any matter but the expressions and opinions of the people whom he interviews —government officials, farmers, soldiers, taxi-drivers, and the like. He appears on the ROUND TABLE when a sampling or reporting of public opinion would contribute in clarifying the topic under discussion. The Roving Reporter first appeared on the ROUND TABLE on December 17, 1939, in a discussion of "Government and Business" and has appeared on various discussions, including, among others, "Have We Time To Think?" "Can Capitalism Defend America?" "How To Meet the Menace of Inflation," and "Is This a Conservative War?"

THE CHALLENGE OF GOVERNMENT-OWNED WAR PLANTS AND SUPPLIES

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REPORTER: The ROUND TABLE listeners and readers, as American citizens, own nearly all the new war plants in this country. What shall they do with them on Armistice Day?

MR. KRUEGER: We are lucky to have them. We ought to hang onto them and operate them for the public good.

MR. HART: I do not agree. I think that we ought to find a really sound policy for getting them into private ownership and operation.

REPORTER: Secretary of Commerce Jesse Jones recently said that in the last three years our government has spent about twenty-five billion dollars of our money in building plants and facilities of one kind and another. The government owns nearly every stick of them, though private companies are operating almost all of them with the exception of the arsenals and the Navy yards.[1]

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[1] In an address delivered on July 21, 1943, before the *"Washington Evening Star* Radio Forum," Secretary of Commerce Jesse Jones said, in part: "In these past three years our government has spent probably twenty-five billion dollars in building plants and facilities of one kind and another. The title to most of these properties is in the government. Much of this money has gone into purely military construction—things for which we can have only slight use after the war, but a great deal of it has gone into plants, shipbuilding and industrial facilities which can be employed after the war, and which will have to be employed if we

MR. KRUEGER: But not all of that is convertible to peacetime uses, is it?

MR. HART: Mr. Reporter, you are the fact man on this occasion—what is the answer?

REPORTER: Of that twenty-five-billion-dollar public investment, I understand that about three billions is represented by these non-convertible plants, making such things as gunpowder. Apparently, they will have to be scrapped.

MR. KRUEGER: How is the remainder of the investment divided up?

REPORTER: Out of the rest of the twenty-five billion dollars the American people, through their government, now own about fifteen hundred plants. The government owns five hundred and

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are to keep people at work and avoid a depression that might threaten our whole economy.

"The RFC, through its subsidiary, the Defense Plant Corporation, has alone authorized the expenditure of approximately $9,000,000,000 for the construction of plants and manufacturing equipment needed in the war effort. In addition, it is spending large sums for the development and production of raw materials.

"Obviously, we cannot afford simply to write off all of this war expansion as a total loss, and it will not be necessary. . . . . How much of it we can use to advantage, and how much can be used for rehabilitation of other countries and on what basis, are matters about which we should be thinking now. . . . .

"The responsibility of the RFC, because of the 1,500-odd plants of various kinds which it has built and financed, will be very great. Many of these plants are leased to industrial operators for the period of the war, and many of them are operated by industry for account of the RFC. In the former, RFC gets a satisfactory rental or other compensation for the use of the plant, and in the latter, the operator gets a fixed fee for his services in operating the plant. As long as the war lasts, there is no question as to their need. . . . ."

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twenty-one factories for the production of aircraft—aircraft engines, aircraft parts, and accessories. This government investment in the aviation industry is ten times the value of the privately owned aviation companies. The government owns 90 per cent of the total magnesium production of the country. Magnesium is a metal that is lighter and even stronger than aluminum. The government also owns 80 per cent of the aluminum plants in America today. It owns almost half of the nation's vast machine-tool-producing facilities. Government-owned synthetic rubber plants can produce one-third again as much rubber as we have ever used in peacetime. The "big-inch" pipe line from Texas to New York was built and is owned by the government.

All this enormous public investment is, in the greater part, concentrated in the strategic industries of the future—aviation, aluminum, magnesium, synthetic rubber. The American people, through their government, thus now own outright one-fifth of the nation's industrial capacity. That is enough under one owner, I am told by the business analysts whom I have interviewed, to control the whole economic system.

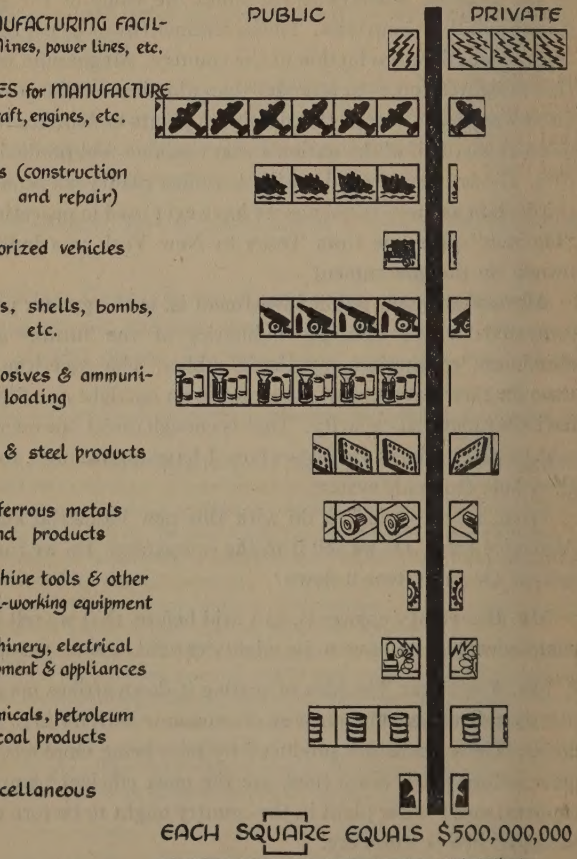
What are we going to do with this new industrial empire on Armistice Day? Do we sell it to the companies? Do we run it ourselves? Or do we tear it down?

MR. HART: My answer is, as I said before, that we sell it to the companies; but we have to be mighty careful how we manage that.

MR. KRUEGER: The idea of tearing it down strikes me as being utterly ridiculous. The purpose of economic activity is to produce goods. Those goods are produced by men being employed at efficient occupations. Since these are the most efficient plants in the country, every other plant in the country ought to be torn down or scrapped before those are.

But, as a matter of fact, we are going to have use in the post-war period for a far greater productive capacity of those basic metals, for example, than we are equipped to produce and than we had in the

HOW THE WAR EXPANSION HAS BEEN FINANCED


PUBLIC
PRIVATE
NONMANUFACTURING FACILITIES - Mines, power lines, etc.
FACILITIES for MANUFACTURE OF Aircraft, engines, etc.
Ships (construction and repair)
Motorized vehicles
Guns, shells, bombs, etc.
Explosives & ammunition loading
Iron & steel products
Nonferrous metals and products
Machine tools & other metal-working equipment
Machinery, electrical equipment & appliances
Chemicals, petroleum & coal products
Miscellaneous
EACH SQUARE EQUALS $500,000,000
THE UNIVERSITY OF CHICAGO ROUND TABLE PICTOGRAPH BY Ward Wayman

Source: *Business Week*, June 19, 1943. These figures, which total $19,338,997,000, are not final but represent, broadly, how the war expansion divided among various industries and how it has been financed. The total public financed manufacturing expansion equals $14,798,230,000; the private, $2,824,743,000.

pre-war period. By all means, to provide jobs and goods, those plants ought to be kept in operation.

MR. HART: I do not think that there is any difficulty agreeing, from a conservative standpoint, that these plants are a magnificent national asset and that we cannot afford to waste them. But I think that the first question that we ought to consider, if we decide that it makes sense to operate them, is to spell out a little bit what that means. If we do operate them, what happens in consequence?

MR. KRUEGER: If we do operate them, we are going to get large quantities of goods out of them and from the rest of the privately owned plant capacity in the country. That means that a lot of those goods are going to have to be sold at low prices in order to get them consumed. It also means that the pre-war owners of the old-style plant equipment are going to find their dividends low, or zero; they are going to find the value of their securities going down. Isn't that true?

MR. HART: I do not think that, as an economist, one can contradict that analysis. It seems to me that that makes sense. On the other hand, it does create a very handsome problem as to who is going to take the losses. It is a national disgrace if we waste these assets. It is also a national disgrace if we discriminate against people just because they happen to have investments in the industries which were useful for war and had to be expanded during war.

REPORTER: Hart, you and Krueger agree that there are going to be losses if we operate these plants and that we must operate the plants. The question of who is going to take the losses reminds me of a statement by an Illinois congressman, Mr. Wheat, the other day that the operation of the "big-inch" pipe line should be stopped after the war because of its terrible effect on the railroads. Secretary Jones, in a recent speech, said that these war plants and their transference after the war would require wisdom and fairness by

government; otherwise, private investments in these industries will be destroyed. Gentlemen, does that mean that the "widows and orphans" who own the stock in all these companies are going to be wiped out?[2]

MR. KRUEGER: It does mean that the value of that pre-war equipment is not so great as it used to be and that somebody is going to have to stand the financial loss on that reduction. But let me emphasize again that, from the point of view of the public, having this great producing capacity is a good thing. The question of who bears the loss from the shrinkage in the capital value of the old-style equipment is one that I think we might be able to arbitrate very satisfactorily after we have decided that we are going to go ahead and operate this new, first-class plant.

MR. HART: We certainly cannot let that question get in the way of getting this plant into operation, but it still remains an awfully important question to give fair treatment to the people who are involved in these industries.

REPORTER: How would you settle that question?

MR. HART: That is a matter that I would hate to have to answer right on the spot at this moment. But the fact that it cannot be dealt with in a minute is no evidence that it cannot be dealt with at all. It is a problem that can be handled through government finance.

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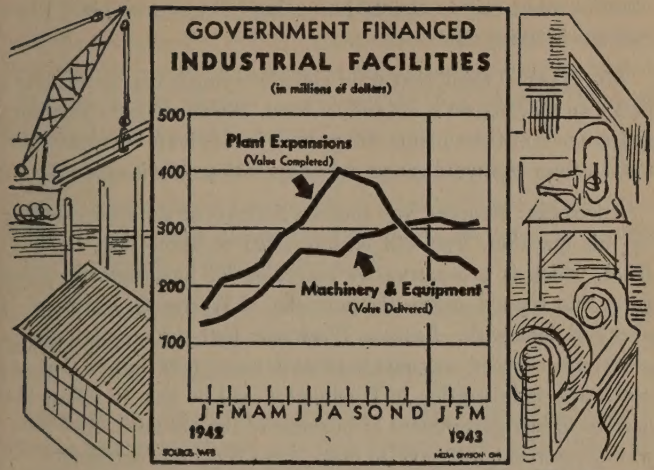
[2] Secretary Jones, in the same speech of July 21, 1943, went on to say: "The wisdom with which we consider and determine the future utilization of these government-owned plants will have a great influence on our economic future. It will be a real problem and one that Congress, the executive branch and all the rest of us will have to consider. . . . . Where industry is able to absorb government facilities in its line, on a basis fair to government, that policy should be adopted, the government selling or leasing the facilities on fair and reasonable terms. In those industries where government facilities approximate or far exceed those in private hands, the solutions will be more difficult. For example, we very easily could destroy private investments in the aviation industry, but certainly we should not, and will not. . . . ."



Courtesy Office of War Information

MR. KRUEGER: More important than that question, I think, Mr. Reporter, is the point that Mr. Jesse Jones, who, in his off moments, is also head of the Reconstruction Finance Corporation, raises—the question of how to protect capital values. The protection of capital values should not be a primary consideration in determining what is to be done with that plant. Wouldn't you agree with that, Hart?

MR. HART: It is important, but it cannot get in the way of the business.

REPORTER: A second major question with reference to what to do with the war plants seems to be that if they are going to be operated, and if they must be operated, who is going to operate them, and how?

I discovered that most of the contracts by which they are being operated today give the companies the privilege of buying the plants, but, as the research director of the National Association of

Manufacturers said to me, "Who's going to buy a new plant when business is falling off?"

MR. HART: I think that what you are saying is that government policy on that matter is not fully settled. We do not have a definite guarantee that these plants will go back into private operation, and the question of private versus public operation remains open.

REPORTER: Krueger, you sound a little bit on the moderate side on this question. You will be interested to know that *Business Week*, which is a conservative magazine for businessmen, states flatly that the old order—the normalcy of Warren G. Harding—is over and done with. *Business Week* says that the question of the government-owned war plants alone is enough to insure that no post-war administration in Washington will be able to follow the pattern of less government in business of the old days. Any post-war government will have to make great economic decisions.[3]

That means, I take it, that we can forget the idea of just dumping the plants into the hands of whoever comes to get them.

MR. KRUEGER: I wish that we could. I wish that that expression were typical of business in general in the United States, but I am

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[3] ". . . . It is a problem from which there is no escape. There are no solutions of it which do not involve a tremendous amount of willing or unwilling intervention by the government in business affairs. Other factors are working in the same direction, but this one alone is enough to ensure that no postwar administration in Washington will be able to follow the conservative less-government-in-business pattern of the middle twenties.

"Unless it is prepared to sterilize the new plant, wipe out the war-achieved gains in national capacity to produce—an unthinkable step when the whole world will be crying for goods and jobs—by junking or holding idle the new factories, any postwar government will have to make economic decisions. It will have to decide whether or not to sell its plants. It will have to decide whom to sell them to. It will have to decide on what terms and at what prices it will sell. It can decide on conditions of sale covering labor standards, or products or levels of operation. And any one of these decisions can change overnight the whole pattern of an industry or the competitive position of a corporation . . . ." (see "One-fifth of a Nation—Government-owned," *Business Week*, June 19, 1943).

afraid that it is not. However, I think that Hart and I probably would both agree that the old, traditional pattern of simply peddling the stuff to private companies at whatever the most convenient terms are at the moment is not one that is at all useful from the standpoint of the public interest.

MR. HART: Put it this way: There ought to be a policy of disposing of these plants, but we cannot suppose that to have a policy of disposing of these plants will enable us to get out of how to dispose and what is to happen afterward.

MR. KRUEGER: Hart, you have declared yourself in favor of getting these plants into the hands of private industry under some kind of terms. What kind of terms do you propose?

MR. HART: To put it as briefly as I can, I would say that we should have an open sale and that if there is to be any open discrimination, it should be discrimination against the people who are large factors in the industry now rather than against the people who are trying to get in and increase the degree of competition in the industry by having more significant factors in it.

MR. KRUEGER: Is what you are trying to do there, then, to sell these plants to private concerns under such terms as would solve the monopoly problem in the American economic system?

MR. HART: That is the primary object of the game, I should say—to get them into operation and to get them into operation in a way that will weaken the power of monopoly instead of strengthening it.

MR. KRUEGER: What does that mean? Selling all those plants to small businessmen instead of big businessmen? As I remember it, almost all the aluminum plants that the government owns are being operated by the Aluminum Corporation of America. I do not see what small businessmen are going to buy any of those large plants.

REPORTER: Krueger, it looks to me like it will be a small businessman's field day after this war. Today, for instance, there is the new steel plant built by the United States in the metropolis of Geneva, Utah. That plant cost one hundred and ninety million dollars. If that plant is to be offered for sale to private . . . .

MR. KRUEGER: Who is going to buy it, one of Hart's small businessmen, when it is put up for auction?

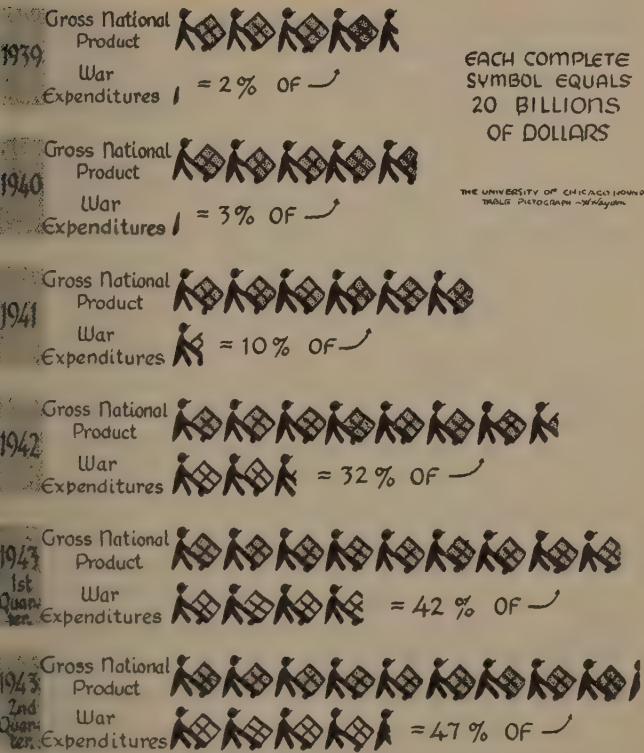
REPORTER: . . . . why wouldn't it be just the chance for a small businessman to get in on a thing like that? All he needs is energy, ambition, determination, perseverance, and a hundred and ninety million dollars.

MR. KRUEGER: That cuts me out. I do not see how you are going to be able to sell these plants to private industry in such a way that they will be a substitute for the Sherman Anti-trust Act, which, I think, has been pretty much of a failure in solving the monopoly problem for a couple of generations. But there are a couple of other lines of policy that I think ought to be listed here as possibilities. Both of them involve public operation of these industries.

MR. HART: I do not like to get away from the subject that easily. That is, to say that small business cannot manage steel does not settle the question. What we are afraid of is monstrous business; but, in an industry like steel, business can be mighty big and still not be a monster business of the sort that threatens to throttle the country.

MR. KRUEGER: That is true. But in the aluminum business and the steel industry the scale of operations is so great—the scale of the large corporations is so great—that it is pretty difficult to pretend that the thing operates on a fairly competitive basis. I would sympathize with your objective of eliminating private monopoly, but I am beginning to despair of ever eliminating private monopoly

WAR TAKES MORE AND MORE OF THE GROSS NATIONAL PRODUCT



Source: Department of Commerce

In the United States by any measures short of straight public operation of large-scale industry.

MR. HART: Let us hear your prescription, Krueger.

MR. KRUEGER: All right; there are two of them—two alternatives. One is better than the other, but both of them involve public operation.

It will be possible for the government to hang onto these plants, to put them into the hands of public corporations set up for the purpose of operating them, and to operate those plants without the expectation of taking over any more. But they will operate those plants for the purpose of yardsticking private industry—that is, for the purpose of setting standards that private industry would have to meet—for the purpose of holding down prices, and so on. In other words, operate those plants by the government for the purpose of policing private industry.

MR. HART: What is your other plan?

MR. KRUEGER: The second alternative is somewhat more ambitious, but I think that it is a more preferable alternative. It proposes that the government, through public corporations, operate these new plants that it has—operating them deliberately, in the most efficient possible manner, putting the largest possible quantities of goods on the market, understanding that that would put pre-war private industry on the spot, and understanding that government would then probably have to go ahead and take over large quantities of what used to be private industry and privately owned stuff in the pre-war days. In other words, that is a rather evangelistic kind of program which would involve a determination really to change the character of the American economic system.

MR. HART: I would like to say that I am sure that you are talking about democratic procedures, and, if you are, you have to be careful that you make it plain that you are talking about the second if you are talking about the second. My impression would be that people on the whole would not go for it. To put it mildly, if we go into a policy which implies that we ought to be open about the fact, it implies that. Any policy which involves continued government

operation either must be avowedly a policy of going further or else must contain safeguards to make reasonably sure that it will not go further.

REPORTER: Gentlemen, in the course of my roving for this week's ROUND TABLE I have discovered, or, rather, I have failed to discover, that there is any policy formulated for the solution of this "dynamite" problem of one-fifth of America's industrial capacity in the hands of the government.

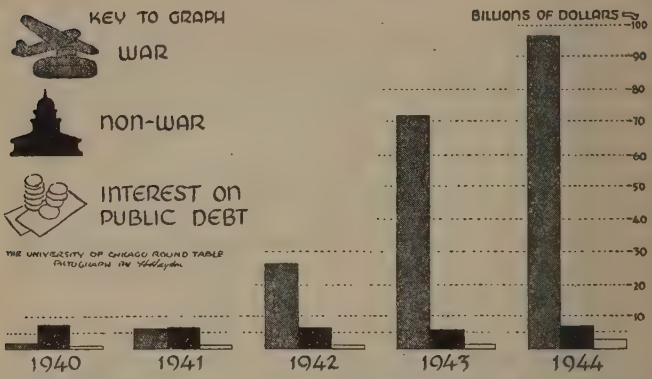
MR. KRUEGER: You mean that there is no single policy?

REPORTER: No single policy, let us say, of government. Several government agencies appear to be working on the problem, but it is far, far from settled.

The Senate has a Post-war Committee, under the chairmanship of Senator George, who is one of the less radical members of that body. The White House, the RFC, the Bureau of Foreign and Domestic Commerce, the WPB—all seem to be making tentative analyses of the thing. There are also a lot of private groups among management, labor, and agriculture working on it. So, while the thing is still unsettled, maybe you, Krueger, and you, Hart, can tell the ROUND TABLE listeners something about the fundamentals and the criteria upon which we can settle this thing when we do know all the facts.

MR. KRUEGER: There are several other indications, Mr. Reporter, of current governmental policy that I would like to mention. For one, the old Bureau of Economic Warfare, under Wallace, started making some plans for post-war developments, and Mr. Wallace got scrapped. The National Resources Planning Board started making some plans, and the National Resources Planning Board got scrapped. Not very long ago Congress just up and by unanimous vote ordered the demolition, at the end of the war, of all the so-called temporary war housing—the entire billion and a half dollars' worth of it. Those signs do not look good to me.

FEDERAL BUDGET EXPENDITURES
BY FISCAL YEARS



Source: Treasury Department and the Bureau of Budget. 1944 figures are estimates by the Bureau of Budget.

MR. HART: I agree that they do not look good. It seems to me that they look like a tendency to try to get on without having any policy. On the other hand, I do not think that you can take those as representing public opinion, or even conservative opinion. The statement from *Business Week* that the Reporter read to us a while ago certainly says that we have to have a policy and that there is no use pretending the contrary.

MR. KRUEGER: It is perfectly clear that this is not just an economic problem. It goes way beyond economics. Let us get at these deeper questions that are involved.

REPORTER: I was going to say that it looks to me as though you, Krueger, are talking about the abandonment of the private profit system. That sounds like red revolution.

MR. KRUEGER: Does it? There are large parts of the world in which it has already been done, and there is more of it going to be

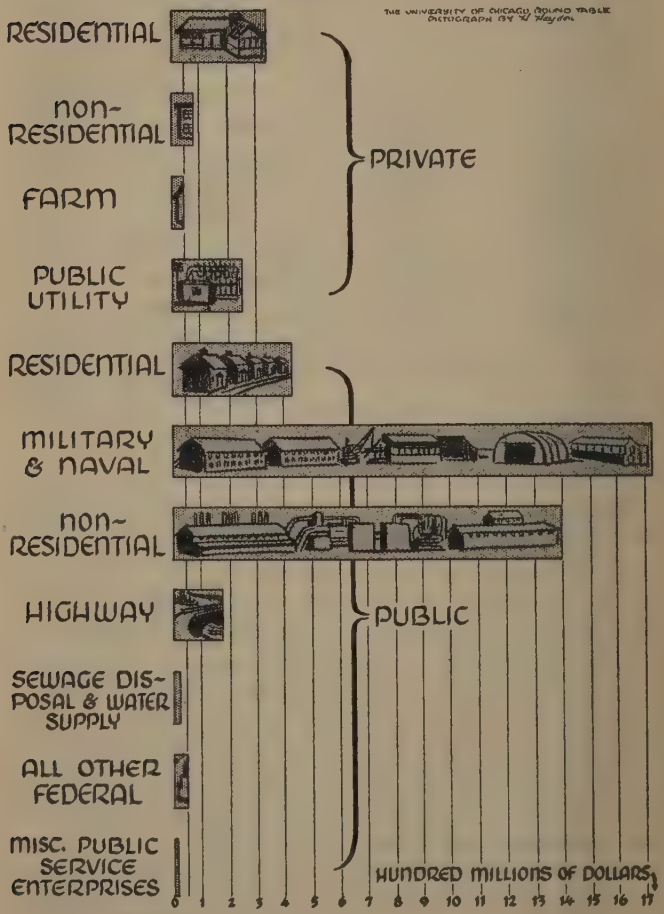
done. I would like to take enough of your time to give you what seems to me to be the real case against the continuation of the profit system in the post-war period, on the assumption that what we do with these war plants is going to determine the kind of an economic system we have in the future.

The private profit system has not been able to provide either social security of a satisfactory sort or full employment of either men or resources. The private profit system produces the wrong kind of people. It conditions people; it teaches people to be predatory; it puts the emphasis on and it nurses and encourages the worst aspects of what is called "human nature"—the calculating kind of selfishness and acquisitiveness which gets in the way of the kind of a life that we ought to be able to lead. It puts entirely too many people in a position where they are kicked around by private economic dictators over whom they have no control. It produces a few people with fantastic economic fortunes who exercise terrific political power and power over the agencies of public opinion. With all, it seems to me that it warps and corrupts the minds and the souls of people and all their institutions.

Mr. Hart: If you are talking about kinds of people, I would be inclined to say that the big issue is this question of whether we are producing men or mice, whether people are going to be pushed around, and whether we are going to produce the kind of "mousing cats" that push people around. It seems to me that this is not a question really of private versus public enterprise. On the contrary, I would say that this vice of setting things up so that the small man is pushed around and so that people form the habit of pushing him around is something government bodies do, too. It is possible to fix private enterprise up so that that will not happen to people. We have already done it in some directions. We do not fire people from their jobs because they choose to vote the way they think they ought to vote. We can do that in a much more thorough way in private industry, just as we have to do it in a much more

NEW CONSTRUCTION ACTIVITY IN THE UNITED STATES

FIRST HALF OF 1943



Source: Department of Commerce

thorough way in government. I do not think that we can by any means damn private enterprise on that ground. One can also make very serious indictments of government on that ground.

MR. KRUEGER: I could describe for you, also, a governmental system that, I think, produces the wrong kind of people—the Fascist system, for example, which is a kind of governmentalized economy with all the controls in state hands. But I do not think that we have to make our choice between the evils of nineteenth-century capitalism and the evils of twentieth-century fascism. If people in this country reject the answer that the Communists in Russia have to the problem, if they reject the answer that the Nazis have, and if the American capitalist democratic answer is not good enough, then there has to be a better answer, and we have not yet produced it.

MR. HART: But I think that we have every reason to doubt that the solution for this lies in the direction of big government. We already have a whopper of a government. We are going to have to take a certain minimum expansion of government activities. I think that there is a very serious question whether the least that we can do in the way of spreading government activities will be enough to create a lot of dangers.

MR. KRUEGER: You mean that the economic responsibilities of government are going to throw some strains on the democratic procedure so that when . . . .

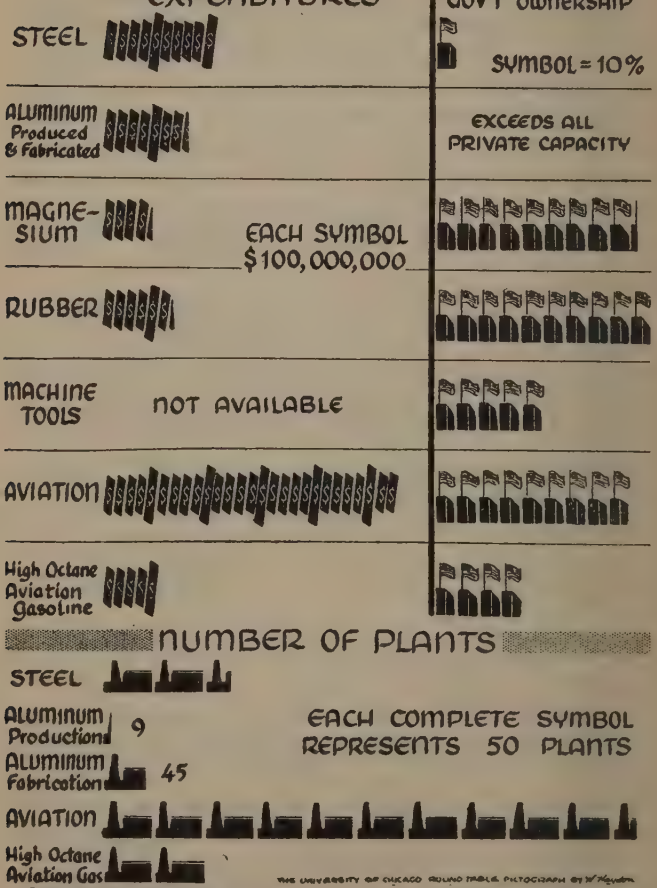
MR. HART: They certainly are going to throw strains on the government procedure.

MR. KRUEGER: . . . . public corporations, for example, are the employers of large numbers of people, citizens then are not merely dealing with a government to which they elect the officials but are also dealing with a government which is their employer. I recognize, with you, that there are dangers involved in that situation.

MR. HART: And it is no joke!

INVESTMENT IN OUTSTANDING INDUSTRIAL PLANTS

BY THE DEFENSE PLANT CORPORATION



Source: *Iron Age*, July 29, 1943

(*See footnote on next page*)

MR. KRUEGER: They are the dangers of bureaucracy. But private corporations also have the problem of bureaucracy.

MR. HART: That is all very well to say that private corporations do have the dangers of bureaucracy. As a matter of fact, you can go on to catalogue other political dangers they have. But you are proposing at this point an expansion of government, as I see it—really maximizing the expansion of government instead of minimizing the expansion of government. It seems to me that that is a very, very serious issue. We have not yet digested the expansion of government we have recently made, and the government machinery looks somewhat rickety.

MR. KRUEGER: I think that I can tell you why that is, too. It is because it was done apologetically. It was all done on an emergency basis. It was all done backhandedly—everybody apologizing for doing it and pretending it was not going on. The result is that we have a monstrous structure which is not democratic or responsible to people in such a way that they can understand the policies. There is the Reconstruction Finance Corporation, for instance.

MR. HART: But, Krueger, I do not think that that gives you your conclusion. On the contrary, we have a big job of housecleaning to do—a decent job of managing the public enterprises that in one way or another we've already acquired. It seems to me that the first responsibility of people who are thinking along your lines should be to try to clean that up. If we can get the existing sector of government enterprise cleaned up so that it is working reasonably well, maybe we can absorb some more. But there is every reason

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The Defense Plant Corporation was created August 22, 1940, and is staffed by Reconstruction Finance Corporation personnel. The Corporation acts upon the recommendation and sponsorship of the armed services, the War Production Board, the Maritime Commission, the Petroleum Administration for War, the Civil Aeronautics Authority, the Office of Defense Transportation, and other departments and agencies of the government having the responsibility of procuring essential war materials. The Corporation owns the facilities which are operated by the manufacturers, mostly under lease arrangements.

to believe that if we go ahead very hastily, even though there is a recognition in advance that there has to be some kind of policy, we are going to get a lot more of this kind of improvisation.

MR. KRUEGER: I am against the improvisation. I do not want to see it done in an accidental manner or in a left-handed manner. I want to see that those agencies are set up in a straightforward manner and planned so that they will be as responsible as possible. I do not pretend that the economic system of the future is going to be a small man's system; I doubt very much that it is going to be. But this generation has to face the question of whether it is going to have a publicly operated economy or a private.

REPORTER: Gentlemen, I think that perhaps the typical ROUND TABLE listener in Topeka, Kansas, would like to know exactly where you two men agree and disagree in your wisdom.

MR. HART: As I see it, what we have said—or what I come out with—is that we have to operate these government-owned plants. It is a disgrace if we do not. We have to contrive some way of making a fair settlement of the financial side of the thing (and that is not going to be any joke). In deciding how far we are going to go in the way of public operation, we have to think of the political considerations that we have been talking about. When we size up those political considerations, we are going to figure that we have to do as much as we can through private enterprise and not put too many eggs in that governmental basket.

REPORTER: Krueger, what are your last words on what we taxpayers should do with the twenty-five billion dollars' worth of war plants that we own collectively?

MR. KRUEGER: I am agreed that the plants should be operated. I am agreed that if it is convenient some adjustment should be made for the people who suffer capital losses because they are put

into operation. I would treat them as well, for example, as the families of the boys who get killed in the Army.

But the important question, it seems to me, is that the old argument about public and private ownership is getting out of the books. The argument about capitalism and socialism is getting off the dusty shelves, and it is getting out into the political market place. In making the decision on what we are going to do with these twenty-five billion dollars' worth of war plant, we are really deciding whether we are going to have a capitalist or a socialist economy, or a system of state capitalism, or just what the relation between government and industry is going to be for several generations to come. That question involves not merely economics; it involves every important aspect of life.

MR. HART: We will have to check on that. But we are going to have a fine time if we try to do it through big government. You can bet on that.

The ROUND TABLE, *oldest educational program continuously on the air, is broadcast entirely without script, although participants meet in advance, prepare a topical outline, and exchange data and views. The opinion of each speaker is his own and in no way involves the responsibility of either the University of Chicago or the National Broadcasting Company. The supplementary information in this transcript has been developed by staff research and is not to be considered as representing the opinions of the* ROUND TABLE *speakers.*

More on This Topic

"The Domestic Economy," supplement to *Fortune*, December, 1942. *A survey of the post-war economy of the United States that recommends the restoration of competition.*

HARRIS, SEYMOUR E. (ed.), *Postwar Economic Problems.* New York: McGraw-Hill Book Co., Inc., 1943. *Twenty-three articles on economic policy by prominent economists.*

HENDERSON, LEON, "What the Boys Are Planning," *Common Sense*, September, 1943. *An incisive report on the politics of the economic power in the hands of the government.*

LASKI, HAROLD J., *Reflections on the Revolution of Our Time.* New York: Viking Press, 1943. *Analyzes the nature of the war and argues for freedom in a planned democracy.*

"New Deal Plans Industry Control," *Business Week*, March 20, 1943. *States that the National Resources Planning Board post-war report shows how government ownership of the Defense Plant Corporation plants can be used to regulate business and guarantee jobs.*

"One-fifth of a Nation—Government-owned," *Business Week*, June 19, 1943. *An authoritative summary of how the war expansion has been financed, the areas of intensive government investment in industry, and the alternative ways of disposing of this government-owned plant.*

"Vast Investment in Plants Gives Government Great Power but Jones Predicts a Fair Deal," *Iron Age*, July 29, 1943. *An extensive report of Secretary of Commerce Jesse Jones's radio speech on government-owned war plants.*

"Wealth of the Nation," *New Republic*, August 30, 1943. *Urges that an investigation be made and an over-all policy on the disposal of government-owned plants be established.*

WRISTON, HENRY M., *Challenge to Freedom.* New York: Harper & Bros., 1943. *Argues against a planned economy run by the government and makes a strong plea for free enterprise.*

What Do *You* Think?

1. How important, do you think, is the problem of the disposal of the government-owned war plants? What are the different programs of disposition set forth by the participants in this discussion and by leading public figures?

2. Do you agree with Mr. Hart that a policy of turning these plants over to private ownership and operation should be adopted? Do you think that the government should ask the buyers of the 1,500 government-owned plants to guarantee that these plants or their equivalent will not be dismantled?

3. A few economists have suggested that the contract of sale of government-owned war plants should contain a clause which would guarantee that a certain minimum amount of employment would continue in the plant. What are the disadvantages and advantages of such a proposal? Would any private businessman want to buy a plant under such a condition?

4. Should the government war plants be sold to the highest bidder after the war? Or should conditions of sale be set in order to prevent the growth of greater monopolies by thus encouraging the entry of competition into many of these industrial fields?

5. Should a government-owned corporation like the Tennessee Valley Authority operate these plants after the war? Should the government operate these plants in order that they may serve as a "yardstick" of competition and thus check monopoly? What are the arguments for and against the government's going into partnership with private management in an industry like aviation, where government investment is ten times that of private investment?

6. Which areas of economic enterprise do you think must be monopolistic? Is it best that these be owned and operated privately and regulated by the government? Or do you agree with Mr. Krueger that large areas of the economy should be socialized and owned and operated by the government?

7. In your opinion what is the relation between political and economic freedom? Is free enterprise necessary for the continuing existence of political freedom?

The People Say....

The following letters are representative of the views expressed by the ROUND TABLE *audience on "Soldiers, Civilians, and the Vote," broadcast September 19, 1943.*

*

Surprised!

I was very much surprised to hear anyone advocate an intelligence test for voters in what we are fighting to keep a Free Democracy. I would like to have explained just who would be capable of giving intelligence tests to all our American citizens and just how we could go about keeping such a test out of politics and graft. . . . .—*A listener from South Bend, Indiana.*

*

No Provision for Sick

Your discussion was very fine. I wanted to add one point regarding the absentee ballot for the sick where it is more than just those in hospitals. It does not cover those in sanitoriums, either. If one is ill, confined to bed but in his own country, he cannot vote. Thereby, many thousands each year who have time to hear more speeches and read more political material than they normally would are barred from the ballot. I hope that these points can be stressed at some future time.—*A listener from Glen Ellyn, Illinois.*

*

Everyone Should Have the Right

. . . . I believe that everyone who has a high-school education *or* its equivalent gained outside of school should have the right to vote without being subject to any outrageous "poll tax."—*A listener from Poplar, Montana.*

*

Keep the Vote Free

If voting is merely a privilege and not a right and a responsibility, how can democracy live? If it is a privilege given by the State, the State can take it away. Would that not nullify the Declaration of Independence? Nazism, communism, and fascism called it a privilege, and we know what happened. What is there to keep some sinister power from doing the same thing here—declaring who shall and who shall not vote? Doesn't the poll-tax system show that? Let's keep the vote free.—*A listener from Vinita, Oklahoma.*

*

Fail To Discern Difference

I fail to discern the difference, at least as far as practical results are concerned, between the privilege and the responsibility to vote, because voters could as well neglect their duty to vote as fail to avail themselves of the privilege to vote.

If by responsibility is meant that it is the duty of the citizen to vote and that his neglect may be subject to a fine—so to speak, a poll tax in re-

verse—I feel that this is rather an admission of his failure to grasp the importance of this right and that we should be rather content by his own disqualification. But we may also reason, likewise, that if a voter fails to avail himself of the privilege to vote, the voter again fails to pass the automatic intelligence test of a voter. So what is the difference as long as, in either case, his fundamental right to vote remains with him and is available when in later elections he shows, by his desire to vote, his qualification to be trusted to participate in this democratic process? . . . .—*A listener from New York, New York.*

*

May See Issues More Clearly

The soldier may see the issues involved in the coming elections more clearly by being outside and looking in than those of us at home. Perhaps, he even sees them too clearly to suit some.

Who is able to say who is intelligent enough to vote? Surely not those that seek privileges. They themselves are less fit to vote than any I can think of. Our Constitution was based as nearly as was possible at the time on the principle that each human being was a free agent and that this right should not ever be taken away.—*A listener from Springfield, Illinois.*

*

Absence of Secret Ballot

. . . . Various reasons were assigned as to why a large part of our population fails to vote, but none of them touched upon the chief deterring reason that holds good in South Carolina, if not in other states. That reason is the absence of the secret ballot in our general elections. . . . . Many drop out, after voting in the primary, because the results of the primaries are generally conclusive, and they, therefore, conceive it of no use to vote in the general election. But thousands of others are "brow-beaten" out of voting in the general elections because the voting is practically open. If one dares to vote for a party in disfavor, it is soon publicly known, and he generally suffers for it. . . . . —*A listener from Sumter, South Carolina.*

*

Chance Lost

. . . . A high-school course in citizenship *and* the privilege of voting would have great value. But such a course with a three- or four-year space of time before a person can vote loses any point it might have had, for by that time the person's interest has shifted in many directions. A chance to build a good habit is often lost. It is vitally important that the instruction be given when the most individuals can be contacted and can put it into practice while the information is up to date. What if the eighteen-year-old's judgment isn't perfect? I have not noticed any perfection in many of his elders. The pressure groups do not go to the college graduates as a rule but to the ones who will vote as they are told. Any procedure which will bring intelligent knowledge and action to a larger number of voters is essential. . . . . —*A listener from Detroit, Michigan.*

CHANGE OF TIME!!

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*

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Asheville, N.C.	WISE	1400	New York, N.Y.	WEAF	660
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Bluefield, W.Va.	WHIS	1440	Philadelphia, Pa.	KYW	1060
Boston, Mass.	WBZ	1030	Pittsburgh, Pa.	KDKA	1020
Charleston, S.C.	WTMA	1250	Portland, Me.	WCSH	970
Charleston, W.Va.	WGKV	1490	Providence, R.I.	WJAR	920
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Cincinnati, Ohio	WLW	700	Reading, Pa.	WEEU	850
Clarksburg, W.Va.	WBLK	1400	Richmond, Va.	WMBG	1380
Cleveland, Ohio	WTAM	1100	Rochester, N.Y.	WHAM	1180
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Grand Rapids, Mich.	WOOD	1300	Syracuse, N.Y.	WSYR	570
Greenville, S.C.	WFBC	1330	Tampa, Fla.	WFLA	970
Greenwood, S.C.	WCRS	1450	Toledo, Ohio	WSPD	740
Jacksonville, Fla.	WJAX	930	Washington, D.C.	WRC	980
Johnstown, Pa.	WJAC	1400	Williamsport, Pa.	WRAK	1400
Harrisburg, Pa.	WKBO	1230	Wilmington, Del.	WDEL	1150
Lakeland, Fla.	WLAK	1340	Winston-Salem, N.C.	WSJS	600
Lima, Ohio	WLOK	1240	York, Pa.	WORK	1350
1:00 P.M. CENTRAL WAR TIME					
Birmingham, Ala.	WBRC	960	Louisville, Ky.	WAVE	970
Bismarck, N.D.	KFYR	550	Madison, Wis.	WIBA	1310
Chicago, Ill.	WMAQ	670	Mankato, Minn.	KYSM	1230
Dallas, Texas	WFAA	820	Memphis, Tenn.	WMC	790
Des Moines, Iowa	WHO	1040	Mobile, Ala.	WALA	1410
Duluth, Minn., and Superior, Wis.	WEBC	1320	Montgomery, Ala.	WSFA	1440
Eau Claire, Wis.	WEAU	1070	Nashville, Tenn.	WSM	650
El Paso, Texas	KSTM	1380	New Orleans, La.	WSMB	1350
Evansville, Ind.	WGBF	1280	Oklahoma City, Okla.	WKY	930
Fargo, N.D.	WDAY	970	Omaha, Neb.	WOW	590
Fort Wayne, Ind.	WOWO	1190	Rochester, Minn.	KROC	1340
Hattiesburg, Miss.	WFOR	1400	St. Cloud, Minn.	KFAM	1450
Hibbing, Minn.	WMFG	1240	Shreveport, La.	KTBS	1480
Houston, Texas	KPRC	950	Sioux Falls, S.D.	KSOO	1140
Indianapolis, Ind.	WIRE	1430	Springfield, Mo.	KGBX	1260
Kansas City, Mo.	WDAF	610	Terre Haute, Ind.	WBOW	1230
Kingsport, Tenn.	WKPT	1400	Tulsa, Okla.	KVOO	1170
La Crosse, Wis.	WKBH	1410	Virginia, Minn.	WHLB	1400
Little Rock, Ark.	KARK	920	Wichita, Kan.	KANS	1240
12:00 M. MOUNTAIN WAR TIME					
Albuquerque, N.M.	KOB	770	Phoenix, Ariz.	KTAR	620
Billings, Mont.	KGHL	790	Pocatello, Ida.	KSEI	930
Boise, Ida.	KIDO	1380	Safford, Ariz.	KGLU	1450
Bozeman, Mont.	KRBM	1450	Salt Lake City, Utah	KDYL	1320
Butte, Mont.	KGIR	1370	Tucson, Ariz.	KVOA	1290
Denver, Colo.	KOA	850	Twin Falls, Ida.	KTFI	1270
Helena, Mont.	KPFA	1240	Yuma, Ariz.	KYUM	1240
11:00 A.M. PACIFIC WAR TIME					
Bakersfield, Cal.	KERN	1410	Sacramento, Cal.	KFBK	1530
Fresno, Cal.	KMJ	580	San Diego, Cal.	KFSD	600
Los Angeles, Cal.	KFI	640	Seattle, Wash.	KOMO	950
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Portland, Ore.	KGW	620			
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Milwaukee, Wis.	WTMJ	620	San Francisco, Cal.	KPO	680
Minneapolis, Minn.	WLB	770	Schenectady, N.Y.	WGY	810
BY TRANSCRIPTION VIA SHORT WAVE					
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OCTOBER 3, 1943

Congress and Foreign Policy

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JESSUP, JOHN K., "America and the Future: II. Our Foreign Policy," *Life*, September 20, 1943.

JONES, JOSEPH M., "A Modern Foreign Policy," *Fortune*, August, 1943.

LIPPMANN, WALTER, "We Took the Easiest Way," *Vital Speeches*, September 15, 1943.

PEFFER, NATHANIEL, "The Split in Our Foreign Policy," *Harper's*, August, 1943.

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